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April 9, 2021

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of SC
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: **Docket No. 2021-34-E; Response of Dominion Energy South Carolina, Inc. ("DESC"), to the Southern Alliance for Clean Energy's and South Carolina Coastal Conservation League's Comments on DESC's Annual Update on Demand Side Management Programs and Petition to Update Rider filed in Docket**

Dear Ms. Boyd:

This letter is submitted on behalf of Dominion Energy South Carolina, Inc. ("DESC") in response to the April 1, 2021, comment letter from the Southern Environmental Law Center, on behalf of the Southern Alliance for Clean Energy ("SACE") and South Carolina Coastal Conservation League ("CCL") that was filed in this docket.

SACE/CCL asks the Commission to "order that DESC by its next EE Rider filing, file stakeholder informed modifications needed for the portfolio to achieve the 1% (or higher) savings." SACE/CCL Letter at p. 3. In this regard, the letter requests the Commission to order DESC to take action that is already underway, and with on-going input through a stakeholder process to which SACE and CCL are active members. The letter requests relief based on an apparent misunderstanding of the recent history and current status of DESC's efforts to expand its Demand Side Management programs.

During the 2020 IRP hearing, DESC requested the opportunity to file a proposed short term action plan. In it, DESC committed to "undertake a target-based review of its DSM programs to determine whether a 1% level of savings can be achieved within the cost-effectiveness limits imposed by the DSM statute."

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In Order No. 2020-832, at p. 77, the Commission directed "DESC to conduct a 'rapid assessment' of the cost-effectiveness and achievability of ramping up its current portfolio to achieve at least a 1% level of savings in the years 2022, 2023, and 2024."

In the three and one half months since Order No. 2020-832 was issued, the required assessment has been completed, and a plan to achieve the mandated 1% level of savings is being prepared for implementation by December 1, 2021 to begin meeting the higher savings target in 2022. The rapid assessment was completed with specific input from the EE Advisory Group. At its April 27, 2021 meeting, the EE Advisory Group will review the resulting new program and portfolio summary tables and be updated on the current status of initial implementation efforts.

More specifically, after the close of the 2020 IRP hearing, ICF undertook the initial phase of the rapid assessment based on the program expansions proposals made by SACE/CCL witness Mr. David Hill. The EE Advisory Committee, including SACE/CCL, reviewed ICF's plan for the initial phase of the rapid evaluation during the group's November 17, 2020 meeting.

In the initial phase of its evaluation, ICF determined that three of Dr. Hill's six recommendations would produce achievable savings. They were estimated to increase the overall savings from the program from 0.7% to 0.73%.

But, contrary to what is implied in the SACE/CCL letter, DESC's evaluation did not stop there. DESC conducted a second phase of the assessment to evaluate programs, measures, and technologies beyond the recommendations of David Hill including a broad-based survey of programs being implemented nationwide.

On January 19, 2021, DESC and ICF met with the EE Advisory Group to review the initial results of the rapid assessment and advise members of the group that it would be pushing beyond this initial analysis in an effort to meet the 1% savings target mandated by the Commission.

As stated in the Appendix D to the Modified 2020 IRP, filed on February 19, 2021:

> These results [of the review of Mr. Hill's recommendations] were presented and discussed with the Energy Efficiency Advisory Group on January 19, 2021. After completion of this initial analysis, DESC began an assessment of ***all areas of expansion outside of Dr. Hill's recommendations*** to develop a DSM High Case scenario that meets the Commission requirements of achieving 1% of sales savings in the years 2022, 2023, and 2024.

DESC's Modified 2020 IRP, at 98 (emphasis supplied). "As part of the analysis to assess the expansion of the overall portfolio, ICF reviewed programs being offered by other utilities and assessed [them] for inclusion." *Id.* at 101.

This is one of several places where the report expressly states that it went beyond Mr. Hill's recommendation in an attempt to achieve 1% savings in the short term. Any implication that DESC limited its analysis to Dr. Hill's recommendations would be inaccurate.

With the assessment's completion, ICF was tasked with completing the program design for the DSM programs expansion consistent with Exhibit D to the Modified 2020 IRP. The DESC DSM group's planning work was initiated in the months following the filing of the Modified 2020 IRP, and specific vendor terms and contracts with implementers are being negotiated to support the expanded programs. The new program and portfolio tables will be presented to the EE Advisory Group at its April 27, 2021 meeting.

DESC will implement the program expansion plan based on the authority granted to DESC in Order No. 2019-880 to make changes to its DSM programs during the five-year program period. Therefore, the contentions of the SACE/CCL letter related to the 1% savings plan are moot. Implementing 1% DSM savings plan is already underway.

SACE/CCL argue that the adoption by DESC of a 1% target, as mandated by the Commission, represents a "significant change in circumstances from those presented to the Commission in Docket No. 2019-239-E," justifying a departure from existing orders. The actual story is far more nuanced and quite different from what SACE/CCL suggests.

In its testimony in the 2020 IRP Proceeding, DESC's witnesses indicated that it would be difficult or unlikely that a 1% savings goal could be achieved under cost effectiveness standards as applied at the time. That is not at all inaccurate. Meeting the 1% goal mandated by the Commission in Order No. 2020-832 has required modification of cost effectiveness evaluation so that programs that are not cost effective on a stand-alone basis can pass cost-effectiveness screening based on the cost effectiveness of the entire portfolio.

Specifically, in prior potential studies, and with very limited exceptions, programs and measures that were not in themselves cost effective were not adopted. But ICF found it would be difficult to meet the Commission's 1% savings mandate in Order No. 2020-832 under that approach. As a result, the Rapid Assessment includes measures and programs with declining cost effectiveness but results in a suite of DSM programs that is forecasted to be cost effective in the aggregate. In effect, certain cost effective programs or measures are now being allowed to "cross-subsidize" programs and measures that are not cost effective. This approach has been deemed to be the best short-term solution within the confines of a Rapid Assessment to meet the Commission's 1% savings mandate. It does not however, represent a "significant change in circumstances" as SACE/CCL suggests.

A second important change was modifying the incremental process for the roll-out of the newly reconfigured Home Energy Reports program. The initial plan was to roll out the new program design on a step-by-step basis where the roll-out of the program to each new customer group would be informed by the results and reaction of the prior groups. To meet the 1% short-term mandate, the program will now be rolled out on a more aggressive basis, which will limit the Company' ability to modify and adjust the program based on feedback and data collected from initial customer groups. This is not a "changed circumstance" but a deliberate acceleration of the roll-out of a program that was approved in Order No. 2020-832. It should be noted that the approach is not without some risk.

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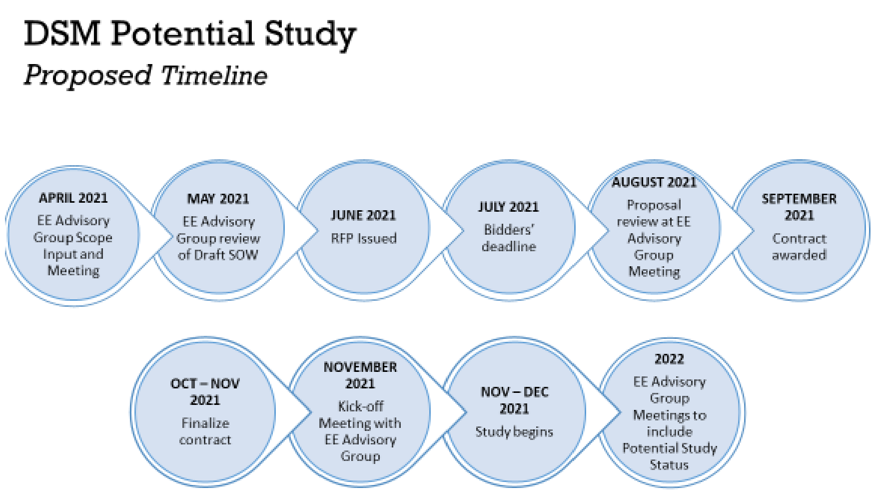
Based on this erroneous assertion that there has been a "significant change in circumstances," SACE/CCL asks the Commission to "reconsider its five-year 'hold' and require DESC to increase its proposed EE savings in the near term." SACE/CCL Letter at p. 2. First of all, this request seems to be based on a failure by SACE/CCL to appreciate that DESC is in fact implementing programs to increase its DSM savings in the near term, as Order No. 2020-832 mandates. In addition, that order adopted the proposal from SACE/CCL witness Mr. Hill that additional expansion of DSM programs be based on a maximum achievable potential study ***to be completed in time for the 2023 IRP update***.

> In its 2023 IRP, DESC must include a comprehensive evaluation of the cost effectiveness and achievability of higher levels of savings, including savings levels of 1.25%, 1.5%, 1.75% and 2%. As outlined in step 3 of the late-filed exhibit [of SACE/CCL witness Mr. Hill], this comprehensive evaluation must consider substantive additions and modifications to the Company' existing DSM portfolio. In implementing this plan, DESC must work with stakeholders, particularly the Advisory Group, and provide opportunities for iterative review, input, and feedback on the Company's analysis and subsequent portfolio development. As part of this presentation in the 2023 IRP, DESC shall include potential incentive options and best practices to achieve the modeled levels of DSM.

Order No. 2020-832 at 76. To the extent that SACE/CCL are asking for something different from the commitment to explore additional program expansions based on a 2023 potential study, they are contradicting the proposal made by their own witness.

The Modified 2020 IRP lays out the process and timetable for meeting the requirements of Order No. 2020-832 in this regard.



DESC is executing on that timetable as promised. At the April 27, 2021 EE Advisory Group meeting, DESC will solicit input into the scope of the study and will pursue the other steps for iterative review through the balance of 2021 and in 2022 as indicated.

The regulatory 'hold' provisions in Order No. 2019-880 allow for the orderly conclusion of the process mandated by the Commission in Order No. 2020-832 as proposed by SACE/CCL itself. There is a great deal to be done to recover programs from the impacts of the COVID pandemic, implement the expanded 1% savings suite of programs and complete the new potential study with full stakeholder input between now and the filing of the 2023 IRP update. There is no logic to also opening the process up to intervening regulatory filings, as SACE/CCL proposes, and risks derailing efforts already underway to meet regulatory mandates.

Finally, the request by SACE/CCL to have the Commission reopen and reconsider the terms of its orders in DESC's 2019 DSM proceeding and 2020 IRP proceeding is outside of the issues properly before the Commission in this annual DSM review as set forth in the orders under which the present docket is proceeding and the public notice provided. Accordingly, this request is defective procedurally.

For these reasons, the requests made by SACE/CCL in its comments letter in this docket should be denied. Thank you for the opportunity to comment on this matter.

Respectfully submitted,

Womble Bond Dickinson (US) LLP

/s/ Belton T. Zeigler
Belton T. Zeigler

cc: All parties of record

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